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## United States Senate

COMMITTEE ON SMALL BUSINESS & ENTREPRENEURSHIP  
WASHINGTON, DC 20510-6350

July 18, 2003

### VIA FACSIMILE & FIRST-CLASS MAIL

The Honorable Hector V. Barreto, Jr.  
Administrator  
Small Business Administration  
409 Third Street, S.W.  
Washington, D.C. 20416

### Re: Allocation of Unused New Markets Venture Capital Funds

Dear Mr. Administrator:

It is my understanding that all but one of the seven conditionally approved New Markets Venture Capital (NMVC) companies were successful in meeting the July 9, 2003 deadline for final approval. It is also my understanding that SBA had set aside approximately \$3 million for the one applicant, Southwest Arizona Development Fund, that did not close. Now that the Southwest Arizona Development Fund will not be going forward, I request that the \$3 million remain available to support the designation of an additional New Markets Venture Capital company at a later date, as SBA committed to in a letter to Senator Bond on November 29, 2001, and that the Agency not seek to reprogram or use these funds for other purposes.

As you know, in that letter to Senator Bond, you not only committed to offer a second round of funding as soon as possible after July 9, 2002, but also to add any unused obligated funds to a second round of funding. And then on December 6, 2001, the SBA Deputy Director of the NMVC Program in SBA's Investment Division issued a statement notifying the public that the Agency would offer a second round of funding:

"The Administrator also has determined that a second application round will take place in the fall of 2002, and we are working on a timeline to accomplish that."

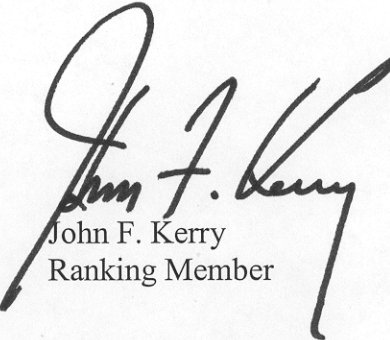
I know of at least five organizations that were preparing applications for that second round in order to make investments in Massachusetts, Connecticut, Mississippi, Louisiana, Arkansas, Utah, Idaho and North Dakota. Unfortunately, SBA did not offer a second round. Because that funding for the second round was not obligated as promised,

it was rescinded as part of the FY03 Omnibus Appropriations Act to help offset the cost of the tax cut. I am working to restore that funding in the FY04 Commerce, Justice, State Appropriations bill.

In the meantime, I expect the funds from the Southwest Arizona Development Fund to remain available for designation of an additional NMVC Company. Please let me know in writing by July 25, 2003, whether you plan to keep these funds available for an additional NMVC company or whether you plan to seek to reprogram or to use all or part of the money for other purposes. If you plan to seek to reprogram or to use all or part of the money for other purposes, please describe what they are and the amount of NMVC funds you plan to use. Please fax the response to (202) 228-1474 to the attention of Patricia R. Forbes, Democratic Staff Director and Chief Counsel for the Committee.

I look forward to your prompt reply.

Sincerely,



John F. Kerry  
Ranking Member